

assembling to investigate the accident and response.

Arkansas, Louisiana, New Mexico, Oklahoma, Texas, and 66 Tribal Nations

*Scroll down for the full PDF version or click the <u>web link</u> to view the article online in your browser.

1 – Agencies Look for Cause of Fatal Gas Leak in Texas, The New York Times, 11/16/2014 http://www.nytimes.com/2014/11/17/us/agencies-look-for-cause-of-fatal-gas-leak-in-texas.html?r=0 One day after a leak of toxic gas killed four workers at a DuPont chemical plant here, federal and state agencies were

2 – ERCOT says EPA's CO2 plan would cause higher electric prices, Dallas Morning News, 11/13/14
http://www.dallasnews.com/business/energy/20141117-ercot-says-epas-co2-plan-would-cause-higher-electric-prices.ece
Texas' power grid operator said Monday that a federal plan for reducing carbon dioxide emissions would raise

wholesale electricity rates as much as 20 percent. It also could affect power reliability by forcing coal plant

shutdowns. 3 – Texas grid operator says EPA plan raises reliability questions, Energywire, 11/18/2014

The reliability of electricity in Texas could suffer while costs rise under a U.S. EPA plan to lower carbon dioxide emissions from existing power plants, the state's main grid operator said in a new report yesterday.

4 – BP seeks to reduce maximum fines for oil spill pollution, New Orleans Times-Picayune, 11/17/14 http://www.nola.com/business/index.ssf/2014/11/bp asks federal judge to limit.html

BP is asking a federal judge in New Orleans to limit maximum fines the company faces in the 2010 Gulf of Mexico oil spill to \$12.6 billion, nearly one-third less than the \$18 billion that federal prosecutors say the oil giant could be forced to pay.

5 – Coal's not under attack in climate accord, EPA chief says, USA Today, 11/17/2014

http://www.eenews.net/energywire/2014/11/18/stories/1060009082

http://www.usatoday.com/story/news/politics/2014/11/17/epa-administrator-coal-water/19181319/

The Obama administration's top environmental official Monday defended the new climate agreement with China as a significant achievement and insisted that the coal industry is not being targeted.

6 – Keystone XL pipeline's impact on jobs, energy, climate more muted than advertised, Dallas Morning News, 11/17/2014

 $\frac{\text{http://www.dallasnews.com/business/energy/20141117-keystone-xl-pipelines-impact-on-jobs-energy-climate-more-muted-}{\text{than-advertised.ece}}$

The new political pecking order in Washington gets its first major test Tuesday, when proponents of the Keystone XL pipeline get something they've been demanding for six years. The Senate will vote on the massive pipeline that's become a flashpoint in the tug-of-war between energy states including Texas and climate watchdogs counting on President Barack Obama to kill it.

7 – Obama stakes final 2 years on climate change, Baton Rouge Advocate, 11/14/2014

http://theadvocate.com/news/10867351-123/obama-stakes-final-2-years

With just two years left in power, President Barack Obama is elevating his efforts to combat global warming as he seeks to leave an imprint on the world that will endure after he's gone. It's a strategy rooted not only in Obama's long-stated support for such efforts, but also in political reality.

8 – Louisiana gets \$13 million to monitor, better manage coastal restoration projects, Baton Rouge Advocate, 11/18/2014

http://theadvocate.com/news/10859632-123/louisiana-gets-13-million-to

Louisiana will get \$13.2 million to help monitor, and if necessary, change the management of river diversions and barrier island coastal restoration projects.

9 - PNM considers coal-mine purchase for San Juan fuel, Albuquerque Journal, 11/17/2014

http://www.abqjournal.com/497621/biz/pnm-considers-coal-mine-purchase-for-san-juan-fuel.html

Public Service Company of New Mexico is evaluating options to buy the San Juan Coal Mine, which supplies fuel for the coal-fired San Juan Generating Station near Farmington.

10 - White House threatens to veto EPA related bills, New 9 Oklahoma City, 11/17/2014

http://www.news9.com/story/27409860/white-house-threatens-to-veto-epa-related-bills

The White House is issuing veto threats against House Republican legislation that places new reporting requirements on the Environmental Protection Agency. The White House says the measures could delay or prevent environmental decisions.

The New Hork Times http://nyti.ms/1BG1ncD



U.S.

Agencies Look for cause of Fatar Gas Leak in Texas

By MANNY FERNANDEZ NOV. 16, 2014

LA PORTE, Tex. — One day after a leak of toxic gas killed four workers at a DuPont chemical plant here, federal and state agencies were assembling to investigate the accident and response.

As a steady rain fell Sunday, teams from the Environmental Protection Agency, the Texas Commission on Environmental Quality and the United States Chemical Safety Board gathered in this city of 34,000 about 25 miles east of downtown Houston.

The air was being monitored, and initial results did not show elevated levels of the chemical beyond the plant, a spokeswoman for the E.P.A. said Sunday.

About 4 a.m. on Saturday, a valve began to release methyl mercaptan gas. The leak was contained two hours later, company officials said.

Randall Clements, the plant manager, said DuPont was working with the authorities and conducting its own "top-to-bottom review" of the accident. Asked how the leak had begun and whether the problem had been a result of equipment failure or human error, a company spokesman, Gregg M. Schmidt, said answering those questions was part of the investigation.

The La Porte plant uses methyl mercaptan in the early stages of its production of methomyl, a highly toxic pesticide that kills insects, ticks and mites in vegetable and fruit crops, cotton fields and poultry houses. DuPont markets it under the name Lannate

"Every one of these plants has got something that will kill you multiple times over," said Ed Hirs, a lecturer and energy economist at the University of Houston who has toured the plant. "We go through the day and try not to get paper cuts and slam the door on our hand. These folks are dealing with pumps and valves and boilers that if any one of them has an issue, it can turn into a fatal issue very, very quickly.

"I've been in that La Porte plant," he added. "It is really rare for DuPont to have a failure like this."

Another chemical produced at the plant, methyl isocyanate, is the same one that was linked to the 1984 leak at a Union Carbide chemical plant in Bhopal, India, which killed thousands of people. Two months later, Texas officials, with the support of community leaders here, gave DuPont permission to produce the chemical in small amounts. Mr. Schmidt, the company spokesman, said methyl isocyanate was not involved in the leak on Saturday.

The company took hours to confirm the deaths and notify relatives. DuPont officials said no qualified medical personnel could enter the contaminated unit because they were not trained to use protective equipment. The first workers who responded with the proper equipment were not medically trained and reported the employees as nonresponsive and most likely dead.

"It was on that basis that the unit was barricaded for investigation just before 8 a.m.," a company statement said. "The incident scene was deemed safe to enter just before noon and the fatalities were confirmed by the medical examiner around 1:30 p.m., and we immediately began to inform families thereafter."

Asked if any of the four workers were alive but nonresponsive before the unit was barricaded, Mr. Schmidt said, "We can't answer that definitively until the investigation is completed."

A version of this article appears in print on November 17, 2014, on page A12 of the New York edition with the headline: Agencies Look for Cause of Fatal Gas Leak in Texas.

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ERCOT says EPA's CO2 plan would cause higher electric prices



By RANDY LEE LOFTIS ☑

Environmental Writer

Published: 17 November 2014 11:14 PM Updated: 17 November 2014 11:14 PM

Texas' power grid operator said Monday that a federal plan for reducing carbon dioxide emissions would raise wholesale electricity rates as much as 20 percent.

It also could affect power reliability by forcing coal plant shutdowns.

In an analysis released Monday, the Electric Reliability Council of Texas said the timing and scale of the proposed reductions raise serious concerns.

ERCOT said about half of Texas' coal-burning capacity might face retirement under the plan. The semi-independent state agency, which manages most of the state's power network, also noted the challenges of integrating new wind and solar power into the state's grid.

Fast-tracking the changes "will require major improvements to ERCOT's transmission system, posing significant costs not considered in EPA's Regulatory Impact Analysis," the report said.

The grid manager stopped short of opposing the EPA plan. It instead called for more attention to electricity reliability issues.

Warren Lasher, ERCOT's director of system planning, said including a "reliability safety valve" in the rule would allow flexibility in balancing emissions cuts and needed generation.

The EPA proposed the Clean Power Plan on June 2 as part of President Barack Obama's climate change initiative. The proposal would require, in stages, a 38 percent overall reduction in Texas' emissions from power production by 2030.

Reduction targets vary by state. Each state would choose its own strategy and could get credit for energy efficiency and no- or low-carbon sources such as wind and natural gas.

Details remain unclear, including how much credit Texas might get for its past progress toward cleaner energy. States that already have improved their electricity's environmental footprint might have fewer remaining ways to achieve even deeper cuts.

Power supply

Coal, the most carbon-intensive electricity fuel, accounted for 37.2 percent of Texas power use in 2013. It was second to natural gas, at 40.5 percent.

Wind made up 9.9 percent. On March 26, 2014, wind supplied a record 29 percent of the state's electricity.

Lasher said ERCOT used two study methods. One assumed that Texas emissions cuts would come in the most cost-effective way, similar to the EPA's approach.

The other assumed a fee of \$20 or \$25 per ton of CO2 emitted from power plants. The fee is only theoretical, Lasher said, since neither the EPA nor Texas has suggested one.

Kate Zerrenner, a project manager with the Environmental Defense Fund, said other factors not included in ERCOT's report could help meet the goal and hold down costs, such as faster action on energy efficiency and savings from reduced fossil-fuel-related water demands.

More details coming

Solar power on individual homes and buildings won't require massive new transmission lines that utility-scale solar farms need, Zerrenner said.

"We are on a trajectory to meet this plan without a lot of new initiatives," she said.

ERCOT plans to release a more detailed analysis of the CO2 proposal and other regulatory pressures on Texas' power system on Dec. 16. Lasher said the agency released a shortened version now because public comment on the Clean Power Plan closes on Dec. 1.

ERCOT is responsible for monitoring electricity use, power plant operations and distribution lines, ordering generators to adjust production as conditions change. The agency also forecasts future electricity demands.

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THE TRANSFORMATION OF THE ENERGY SECTOR

1. CLIMATE:

Texas grid operator says EPA plan raises reliability questions

Edward Klump, E&E reporter

Published: Tuesday, November 18, 2014

The reliability of electricity in Texas could suffer while costs rise under a U.S. EPA plan to lower carbon dioxide emissions from existing power plants, the state's main grid operator said in a new report yesterday.

The Electric Reliability Council of Texas, or ERCOT, said its analysis of EPA's Clean Power Plan found a "significant impact" on grid planning and operations.

Proposed "emissions limitations will result in significant retirement of coal generation capacity, could result in transmission reliability issues due to the loss of fossil fuel-fired generation resources in and around major urban centers, and will strain ERCOT's ability to integrate new intermittent renewable generation resources," ERCOT said in its report.

"If the expected retirement of coal resources were to occur over a short period of time, reserve margins in the ERCOT region could reduce considerably, leading to increased risk of rotating outages as a last resort to maintain operating balance between customer demand and available generation," the council said.

ERCOT said the need for reliability might necessitate curtailing some renewable facilities, which could delay integration and might lead to noncompliance with proposed deadlines. The operator said it supports including a "reliability safety valve process" with the carbon proposal and consideration of grid reliability in developing state implementation plans.

The grid operator estimated that proposed carbon limits could result in the retirement of 3,300 to 8,700 megawatts of coal-generating capacity in its region. One MW can serve about 200 to 500 homes, depending on conditions, according to the council.

At the same time, ERCOT said yesterday, the Clean Power Plan could boost customers' energy costs in its area. The increase might be as much as 20 percent in 2020, according to the council, not counting related costs for items such as upgrades in transmission and natural gas supply infrastructure; more ancillary services; investing in energy efficiency; and new capacity.

Prices could climb with increased use of natural gas in the power sector, Warren Lasher, director of system planning at ERCOT, said during a conference call yesterday with reporters. Another factor is a possible allowance price based on carbon emissions used in the report, he said.

EPA's proposed Clean Power Plan seeks a 30 percent reduction in carbon dioxide emissions from U.S. power plants by 2030 compared with 2005 levels. Targets vary by state, and the goal for Texas is about a 39 percent decline compared with 2012 in pounds per megawatt-hour.

Challenges, benefits seen

EPA announced its plan in June, with a comment period deadline later extended to Dec. 1. The agency is seeking progress toward reductions by 2020, and Lasher cited interim goals as of particular concern.

The agency released proposed state building blocks, including making coal-fired plants more efficient, increasing the use of efficient natural gas-fueled plants, producing electricity from low- or zero-emission facilities, and energy efficiency.

In an emailed statement yesterday, EPA said there haven't been any instances in which Clean Air Act standards caused "the lights to go out." The agency said it was reviewing ERCOT's report, and it said it was too early for claims on reliability when states haven't developed plans in a setup that allows flexibility.

"In fact, ERCOT's own modeling shows that there is a path forward for Texas to meet its state goal," EPA said.

Lasher said more transmission infrastructure might be needed, and price tags for such projects can be significant. For example, a roughly \$600 million plan to build a new transmission line into the Houston area has been working its way

through the development process.

ERCOT said it wasn't known, based on currently available information, whether compliance could be achieved with the

-- CLIMATE: Texas grid operator says EPA plan raises reliability questions -- Tuesday, November 18, 2014 -- www.eenews.net

Its report cited three areas of challenge: retirement of up to half of the coal capacity in ERCOT; integrating new wind and solar facilities; and the need for improvements in transmission amid a shifting resource mix. The final one could involve "significant costs" not found in an EPA regulatory impact analysis, ERCOT said.

John Fainter, president of the Association of Electric Companies of Texas, said the ERCOT report raised a number of issues, assuming the EPA rule is adopted in its current form. Reliability will remain a top concern, he said.

"People are very concerned about cost, obviously, but reliability is always the No. 1 issue," he said.

The report drew criticism from other observers, including at Public Citizen, which tracks energy and other issues.

"It overestimates the costs, ignores rapid market changes that are occurring in ERCOT and undervalues the benefits of taking action to reduce carbon," said Tom "Smitty" Smith, director of Public Citizen's Texas office, adding that the report's view on potential solar and energy efficiency costs was too high.

Other studies

An array of opinions continues to emerge on EPA's carbon proposal.

Paul Faeth, director of energy, water and climate at CNA Corp.'s Institute for Public Research, is scheduled to speak during a media briefing tomorrow about the release of a report on power and water use in Texas amid the Clean Power Plan.

The report suggests new regulations could reduce water consumption in Texas and conventional air pollutants, according to an emailed media advisory.

Before that study is out, the Center for Strategic and International Studies and the Rhodium Group plan to release a report today that looks at the economic and energy market effects of the Clean Power Plan. A report from the parties in July suggested that a gas-producing state such as Texas could see benefits under the proposal (<u>E&ENews PM</u>, July 24).

Texas regulators have been mulling how to handle comments on EPA's carbon proposal. In August, the Public Utility Commission of Texas (PUC) held a public meeting on the plan. The PUC invited members of the Texas Commission on Environmental Quality (TCEQ) and the Railroad Commission of Texas, which regulates oil and gas operations (*EnergyWire*, Aug. 18).

Then, in September, state lawmakers were part of a briefing at which critics and supporters of the EPA plan spoke (*EnergyWire*, Sept. 30).

Terry Hadley, a spokesman for the PUC, said yesterday that commissioners would use information from the ERCOT report to help finalize comments. Representatives of the Railroad Commission and TCEQ indicated they may work with others in the state on potential comments.

ERCOT said it plans to have a full report in mid-December on several proposed or finalized environmental regulations, and it's expected to have more modeling information related to the Clean Power Plan.

Lasher said ERCOT was looking to provide information about potential effects on the carbon plan, and it expected to work with state agencies if the rule takes effect.

"I think at this time we're a good distance away from knowing exactly how this plan or a plan like it would be implemented in Texas," Lasher said.

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Advertisement



BP seeks to reduce maximum fines for oil spill pollution

gulf oil spill clean up workers.jpg

Clean-up crews gather oil as more washes ashore on the beach in Gulfport, Miss. on Thursday, July 1, 2010. (Michael DeMocker, NOLA.com | The Times-Picayune)

Jennifer Larino, NOLA.com | The Times-Picayune By Jennifer Larino, NOLA.com | The Times-Picayune Email the author | Follow on Twitter

on November 17, 2014 at 2:25 PM, updated November 17, 2014 at 2:26 PM

BP is asking a federal judge in New Orleans to limit maximum fines the company faces in the **2010 Gulf of Mexico oil spill** to \$12.6 billion, nearly one-third less than the \$18 billion that federal prosecutors say the oil giant could be forced to pay.

In a Friday (Nov. 14) filing, BP urged U.S. District Judge Carl Barbier to ignore those higher penalties, which are based on Environmental Protection Agency and Coast Guard rules. The company argues that a lower penalty cap set by the federal Clean Water Act trumps policy decisions by individual government agencies.

Barbier is set to consider fines for BP and its partners in the failed Macondo well in January in the third phase of BP's civil trial over the massive spill.

The first two phases, completed in 2013, dealt with who was to blame for the spill and the total amount of oil that was released during the disaster.

Federal prosecutors argue BP owes as much as \$4,300 per barrel of oil spilled under existing EPA rules, well above the \$3,000 maximum set by the Clean Water Act.

Separately, the Coast Guard says its rules require fines of up to \$4,000 per barrel.

Both the EPA and the Coast Guard are applying rules that require fines to be adjusted according to inflation, though they follow different formulas to reach per-barrel amounts.

BP says allowing multiple agencies to propose varying fine amounts is incorrect and "a recipe for legal chaos."

The company urged Barbier to cap fines at \$3,000 per barrel prior to the January trial or risk "infecting" the last leg of the trial with legal errors.

In September, Barbier found BP acted with "profit-driven decisions" leading up to the spill and

bears most of the blame for the disaster.

Barbier ruled BP's mistakes amounted to gross negligence, meaning the company faces the maximum fine under the Clean Water Act.

The April 20, 2010 blow out at BP's Macondo oil well killed 11 men. Oil gushed into the Gulf of Mexico for 87 days until the well was capped.

Barbier has yet to rule on how many barrels of oil gushed into the Gulf during the disaster.

The U.S. government estimates 4.2 million barrels of oil were released into the Gulf. BP argues that figure is closer to 2.45 million barrels.

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Coal's not under attack in climate accord, EPA chief says

James R. Carroll, The (Louisville, Ky.) Courier-Journal

3:22 p.m. EST November 17, 2014



(Photo: Jim Lo Scalzo, European Pressphoto Agency)

WASHINGTON — The Obama administration's top environmental official Monday defended the new climate agreement with China as a significant achievement and insisted that the <u>coal industry is not being targeted</u> (http://www.courier-journal.com/story/news/politics/2014/11/17/epa-chief-denies-mitch-mcconnells-war-coal/19171741/).

Sen. Mitch McConnell, who will become Senate majority leader in January, said last week that the president is waging a war on coal that he will win.

But Gina McCarthy, head of the Environmental Protection Agency, defended her agency's work.

"I feel very confident that the American people understand the value of the EPA," she said. "For 40 years plus, we have been able to do our job and continue to grow the economy," she told reporters at a breakfast hosted by *The Christian Science Monitor*.

In an exclusive interview Friday with *The Courier-Journal*, McConnell said the Obama administration's treatment of the coal industry was "a true outrage."

McConnell said the agreement announced last week under which China would reach its peak carbon emissions in 2030 amounted to a deal to do nothing for 16 years. He pledged that he and the GOP majorities in both houses would attempt to handcuff the administration, primarily by limiting EPA money in spending bills.



USATODAY

McConnell vows war with Obama over coal

(http://www.usatoday.com/story/news/politics/2014/11/14/mcconnell-interview-obama-coal/19032749/)

McCarthy did not sound concerned, pointing out that four previous Republican EPA administrators have supported this administration's plan to cut carbon emissions as a way to combat climate change.

"EPA has not been a partisan agency," she said. "It's been an agency that's done its job to protect public health and the environment in the smartest way we can. I do not believe that the American public wants to see us not do that."

The plan to cut U.S. carbon emissions is not specifically targeted at coal, said McCarthy, who considers the ways the world meets its energy needs to be in transition.



USATODAY

Obama's climate change deals change shape of G20 summit

(http://www.usatoday.com/story/news/world/2014/11/14/obama-brisbane-climate-g20/19051779/)

"We expect it to remain part of the energy mix," she said.

McCarthy said she has not had any conversations in recent days with McConnell, "but certainly we have met before and I certainly respect his position."

"I feel like we're on very solid ground in recognizing that there may be challenges ahead but that the president will do the right thing," she said.



USATODAY

Obama, China deal previews emphasis on climate change

McCarthy added that regulated companies are involved in discussions about new environmental rules and their concerns are being heard.

McCarthy has been the EPA administrator since the Senate Democratic majority confirmed her in July 2013. Before that, she had been in charge of the agency's air pollution office since 2009.

She has been an outspoken and at times feisty proponent of the Obama administration's climate-change policies. As such, McCarthy also has been a regular target of Republican lawmakers.



USATODAY

U.S., China reach unprecedented climate change agreement

(http://www.usatoday.com/story/news/world/2014/11/11/china-climate-change-deal/18895661/)

The China accord is "significant but achievable," she said at the breakfast. Until now, "China has never put an absolute (emissions) reduction on the table."

Chinese officials will be required to take immediate action to meet the 2030 goal, restructuring their economic growth plans and investing in new technology to reduce carbon emissions and increase use of renewable fuels, McCarthy said.

She also talked about water, saying her agency plans to put in place a controversial rule designed to clarify which bodies of water are subject to EPA oversight under the Clean Water Act in spite of backlash from Republicans and agricultural groups.

Critics of that proposal say the agency wants to expand its jurisdiction under the act to apply to wet spots, puddles and dry stream beds used by dairy farmers to herd their cows. She contended that critics are operating under a misconception.

Contributing: Brian Tumulty, Gannett Washington Bureau

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Keystone XL pipeline's impact on jobs, energy, climate more muted than advertised



By MICHAEL A. LINDENBERGER

Washington Bureau

Published: 17 November 2014 11:06 PM Updated: 17 November 2014 11:10 PM

WASHINGTON — The new political pecking order in Washington gets its first major test Tuesday, when proponents of the Keystone XL pipeline get something they've been demanding for six years. The Senate will vote on the massive pipeline that's become a flashpoint in the tug-of-war between energy states including Texas and climate watchdogs counting on President Barack Obama to kill it.

But it's a good bet that neither side will let on during the six hours of scheduled floor debate that despite their laser-like focus on climate change, oil and jobs, Keystone XL would have far less impact on any of those things than frequently advertised.

The House authorized construction of the pipeline by a vote of 252–161 on Friday.

Pipeline proponents, including both Sens. Ted Cruz and John Cornyn of Texas, regularly tout its likely creation of thousands of well-paying jobs. And they are right — it will take thousands of skilled workers to build Keystone XL. But only a tiny fraction of those jobs will last, with the vast majority tied to the two years or less TransCanada — Keystone's Canadian developer — says it will take to build it.

TransCanada projects that it will hire 9,000 workers to construct Keystone, a number critics say is inflated. The U.S. government pegs the number of jobs directly tied to the project at 3,900 for one year but notes that local economies could see another 40,000 jobs spring up for a year or two as the indirect benefits add up. Once it's built, the pipeline would employ about 35 people full time.

In any case, there's little dispute that few if any of them will be in Texas.

The new pipeline would travel 1,200 miles south from Alberta to Nebraska and would stop well north of Texas. Once in Nebraska, the new Keystone would link up with existing pipelines,

including a segment of Keystone that opened in Texas in January. The oil from Canada would begin competing for space on the already crowded path south through Texas to refineries on the Gulf Coast.

If approved, the new Keystone would have the same 36-inch diameter — and the same capacity of 830,000 barrels per day — as the existing segments. That means refineries in Texas and along the Gulf Coast would have at their disposal about the same volume of crude oil to refine after Keystone is built as they do now. TransCanada is expected to spend \$3.3 billion building the U.S. portion of the pipeline.

Those conclusions were also supported by the U.S. State Department, which issued the final statement on Keystone's environmental impact in January. That document paves the way for a decision to be made on the pipeline, which can't be built until Obama issues a permit. The vote Tuesday is designed by supporters in Congress to take that decision out of the president's hands — and the measure could face a veto even if it passes.

Joanne Shore, chief industry analyst for the American Fuel and Petrochemical Manufacturers in Washington, said the pipeline's benefits are more subtle than would be the case if the oil was being extracted from American soil.

"This is a different situation than if we were talking about expanded production of domestic oil," Shore said. "We're not. This oil is produced in Canada and will come down to Texas to be processed. What's likely to happen is that the new imports from Canada will allow the companies on the gulf to back out some of the oil they are now processing from Venezuela and Saudi Arabia."

That's still a good thing, Shore said, and Cornyn made the same argument last week on the Senate floor. Canada, both of them pointed out, is closer and relatively more stable than exporters such as Venezuela or those from the Middle East.

But Shore also noted that whatever price advantages Canada's producers have in the short term are likely to be matched soon by the Saudis and other traditional exporters.

San Antonio-based Valero processes more heavy crude — the kind that comes from Saudi Arabia, Venezuela and the tar sands in Alberta — than any other firm with a toehold in Texas. Its chief spokesman said the pipeline would give it more options when looking to refine heavy crude.

"The southern portion is open already and is delivering crude from Cushing, Okla., to Gulf Coast refineries," spokesman Paul Day said. "However, Valero also supports construction of the northern portion, which will deliver heavy Canadian crude to Gulf Coast refineries. Our plants run both light and heavy crudes, and we want both options from the pipeline."

If the benefits of the pipeline are more nuanced than proponents tend to proclaim, so too are the worries by environmentalists over its impact, especially when it comes to climate change.

Obama repeated this week that he wants to let the process play out, which means first a

decision by Secretary of State John Kerry and ultimately a presidential decision on the permit required for the pipeline. If that was a veiled veto threat, he also reiterated that one of his primary considerations for deciding the pipeline's fate will be whether it would hasten global warming.

"I won't hide my opinion about this," Obama told reporters Sunday during a news conference in Australia, where he was attending the G-20 conference, "which is that one major determinant of whether we should approve a pipeline shipping Canadian oil to world markets, not to the United States, is does it contribute to the greenhouse gases that are causing climate change."

Obama hasn't said what he thinks the pipeline's impact on climate change would be. But the State Department concluded in its January report that it would be no greater than if Canada moved its oil through some other means. That's because, as Shore and other industry observers said this week, Canada will find a way to move its oil one way or another. If it can't use the pipeline, it will put the oil on rail cars for now and begin looking for ways to send it east to other markets beyond the U.S.

"Canada has every incentive to move that oil to market," Shore said.

Moving the oil by rail or tanker instead of the Keystone would be no less dangerous to the climate, the State Department said.

Still, not everyone buys that rationale. Environmentalists point to problems — from spills to leaks — on existing pipelines, including the 486-mile segment of Keystone in Texas that opened this year.

Most of all, Keystone represents a doubling-down on a future in which the U.S. and its neighbors are too reliant on fossil fuels, said David Arkush of Public Citizen, a Washington-based watchdog group with offices in Texas. Americans should expect their government to block a proposal that commits them to an unsustainable future, he said.

"We shouldn't be investing in new fossil fuel infrastructure," Arkush said. "The money involved is everyone's money in the sense that whatever costs come from the choices these companies are making get passed along to everyone. We all pay the consequences."

Follow Michael A. Lindenberger on Twitter at @lindenberger.



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Obama stakes final 2 years on climate change



President Barack Obama waves from Air Force One as he arrives from Brisbane, Australia, by way of Hawaii, Sunday, Nov. 16, 2014, at Andrews Air Force Base, Md. (AP Photo/Pablo Martinez Monsivais)

By JOSH LEDERMAN

Associated Press

WASHINGTON (AP) — With just two years left in power, President Barack Obama is elevating his efforts to combat global warming as he seeks to leave an imprint on the world that will endure after he's gone. It's a strategy rooted not only in Obama's long-stated support for such efforts, but also in political reality.

Two weeks ago, Obama watched his prospects for realizing his goals on education, wages and immigration all but evaporate as voters handed his party a stinging rebuke in the midterms, putting Republicans in full control of Congress for the remainder of his presidency. But on a trip last week to Asia and Australia, Obama sought — and found — fruitful opportunities to make a lasting difference on global warming.

In China, traditionally a U.S. adversary on environmental issues, Obama set an ambitious new target for cutting future U.S. emissions as part of a landmark deal in which China will also rein in pollution. In Australia, he pledged \$3 billion to help poorer nations address changing temperatures while prodding Australia's prime minister to stop questioning the science of climate change.

"We're showing there's no excuse for other nations not to come together," Obama said in Brisbane, where he also pressed the issue with leaders of the world's 20 largest economies.

The emphasis on climate isn't all by choice.

Although Obama has long sought to rally action against climate change, White House aides say the issue has become even more attractive after the election because it's one where Obama has considerable leverage to act without Congress. Foreign policy is largely the domain of presidents, and at home, Obama has aggressively used his regulatory power to curb greenhouse gas emissions over fierce objections from Republicans and the energy industry.

"President Obama has made no secret that his climate crusade will proceed irrespective of what the American people want or what other global leaders caution," said Laura Sheehan of the American Coalition for Clean Coal Electricity, which represents the coal industry.

Sheehan said Australia, whose prime minister rose to power promising to gut a hated carbon tax, is a "prime example" of lessons that some have learned but Obama has ignored. She warned the deal with Beijing, which allows China's emissions to keep increasing until 2030, will stall America's economy while China's continues to grow "thanks to affordable, reliable power."

Climate change advocates said the deal with China is paving the way for a successful global climate treaty that nations are aiming to finalize next year, because it ups the pressure on reluctant, developing nations like India. They argue a successful treaty is the world's best chance to avert the worst effects of global warming. Facing dim prospects for Senate ratification for a new treaty, the administration is considering strategies where the agreement could be labeled a voluntary expansion of a 1992 climate treaty, relying on joint political pressure to ensure countries comply with certain parts.

Yet on the domestic front, it's unclear how much more Obama can do alone.

Obama said his administration shaped its new goal to cut emissions at least 26 percent by 2025 based on existing legal authorities, rather than relying on future action from Congress. But Obama has already picked the low-hanging fruit:

pollution limits on U.S. power plants and emissions standards for cars and trucks, to name the big ones.

Still, White House aides said Obama has enlisted his Cabinet secretaries to hunt for further steps he can take before the clock runs out on his presidency in early 2017. They pointed to increasing renewable fuels as one example. And on Monday, the White House launched a website—toolkit.climate.gov — to give state and local officials access to federal resources to combat the impact of global warming.

As Obama competed for a second term in the White House in 2012, he told his top aides he considered climate change to be a key piece of unfinished business, said Stephanie Cutter, his deputy campaign manager. If he won re-election, he told them, he would take on climate head-on.

"He sees climate policy as good economic and health policy, but also a moral obligation to future generations — including his own daughters," Cutter said.

Yet even some of Obama's existing steps could well be repealed by ascendant Republicans in Congress, who also have plans to stop the president from going any further. Republicans are finding common cause with many Democrats in trying to force Obama to approve Keystone XL, a proposed pipeline that would carry tar sands oil from Canada to the Texas Gulf Coast. And with the GOP set to take over the Senate in January, Republicans have already vowed a concerted effort to gut his Environmental Protection Agency's rules on power plants, although Obama counselor John Podesta predicted they won't succeed.

"The president will complete action. It's a top priority of his," Podesta told reporters Monday. "And I don't believe they can stop us from doing that."

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Louisiana gets \$13 million to monitor, better manage coastal restoration projects

By AMY WOLD

awold@theadvocate.com

Louisiana will get \$13.2 million to help monitor, and if necessary, change the management of river diversions and barrier island coastal restoration projects.

Known as "adaptive management," the monitoring and then adapting the operation of a project based on information gleaned from the monitoring has long been identified as essential as the state starts building more complex projects like diversions.

The National Fish and Wildlife Foundation <u>announced</u> Monday that more than \$13 million from the Gulf Environmental Benefit <u>Fund</u> will go toward the <u>effort</u> in Louisiana, with the rest of the Gulf states sharing \$86 million for projects.

The foundation is in charge of penalties and fines resulting from legal action the U.S. Department of Justice brought against Transocean Ltd. and BP in the wake of the 2010 Deepwater Horizon disaster.

Approximately \$2.5 billion will be directed to the foundation over a five-year period to be used for natural resource projects in Texas, Louisiana, Mississippi, Alabama and Florida. So far, Louisiana has received \$221 million from the fund, substantially more than the other states.

Florida has received \$50 million, Alabama \$22 million, Mississippi \$28 million and Texas \$56 million.

The current round of funding will help Louisiana's Coastal Protection and Restoration Authority evaluate how well diversions and barrier island restorations are working, and then help the state adapt how each is run or managed for better performance.

The project will focus on southeast Louisiana, including Lake Pontchartrain, Breton Sound, Barataria and Terrebonne basins.

<u>Previous</u> money the state received from the fund was used to pay for the <u>work</u> to

finish the <u>Caminada</u> beach and dune restoration project and the design of the East Timbalier Island restoration.

The state also received money for planning and design on several diversion projects, including the Mid-Barataria sediment diversion, lower Mississippi River sediment diversion, and the planning involved in increasing the flow of Atchafalaya River water and sediment to Terrebonne Parish.

Follow Amy Wold on Twitter, @awold10.

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By <u>Kevin Robinson-Avila / Journal Staff Writer</u> PUBLISHED: Monday, November 17, 2014 at 6:11 pm

Energy

BUSINESS



PHOTO COURTESY OF EMNRD Trucks haul coal from the San Juan Coal Mine to the San Juan Generating Station near Farmington. PNM is considering buying the coal mine. emarks@abqjournal.com Mon Nov 17 18:09:50 -0700 2014 1416272989 FILENAME: 182256.jpg

Public Service Company of New Mexico is evaluating options to buy the San Juan Coal Mine, which supplies fuel for the coal-fired San Juan Generating Station near Farmington.

The mine, which is owned by BHP Billiton, has supplied all the coal used to run the plant since the plant opened in 1973, but the current supply contract expires in 2017.

The contract expiration is a critical issue that must be resolved by PNM and four plant co-owners that will continue to operate San Juan after two of the plant's four generating units are shut down in 2017 to comply with federal haze regulations. The partners want to determine the future costs for long-term fuel supplies before they sign a definitive agreement to continue jointly running the plant after 2017.

But rather than sign a new contract, PNM and Tucson Electric Power — which owns the second largest stake in the generating plant after PNM — have entered into confidential negotiations with the BHP subsidiary that runs the mine to buy the operation, according to PNM's quarterly financial earnings report released on Oct. 31. The parties want to reach an agreement by the end of December, but so far progress in the negotiations remains confidential.

"We're right now evaluating alternatives," said PNM spokeswoman Susan Sponar. "We haven't yet made any decisions about the mine. Obviously we're looking to find the lowest-cost alternative for our ratepayers."

Environmental organizations, however, question whether buying the mine would indeed be the least-cost option. They also question whether acquiring the mine would lock ratepayers into coal-fired electric generation for many years to come — along with liabilities related to the mine — at a time when utilities nationwide are replacing coal with renewable resources.

"It's a risky bet, a gamble when other utilities are moving away from coal," said Nellis Kennedy-Howard, senior representative for the Sierra Club's "Beyond Coal" campaign in the Southwest.

"They're working to keep the San Juan plant going for many

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Steven Michel, chief counsel for Western Resource Advocate seek approval from the New Mexico Public Regulation Comm

"To be fair, there may be good business reasons for them to evaluated," Michel said. "A large number of assets and poter environmental to employee issues and contracts."

purchase by Dec. 31, despite lack of consultation with the PRC.



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San Juan Plant, Mine

Michel said environmental groups are particularly concerned because the utilities negotiating with BHP Billiton have a stated goal of signing a "binding" and "enforceable" letter of intent for the mine

"It looks like PNM is going forward without any oversight by the PRC, and we question whether they can do that," Michel said. "It's a big deal, the kind of thing regulators must look at to make sure utility



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White House threatens to veto EPA related bills









WASHINGTON (AP) - The White House is issuing veto threats against House Republican legislation that places new reporting requirements on the Environmental Protection Agency. The White House says the measures could delay or prevent environmental decisions.

The veto threats target three bills. One would require the EPA to disclose scientific data behind proposed regulations. The White House says some data is not released to protect the privacy of test subjects or confidential business information.

Another bill aims to reduce permit delays by requiring the EPA to update regulations whenever it revises air quality standards. The White House says that could create premature regulations without input from states.

A third bill would place restrictions on the EPA's Science Advisory Board that the White House says would hurt its ability to advise the agency.

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